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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of	)	
	)	
Amendments to Uniform System of Accounts for Interconnection	)	CC Docket No. 97-212
	)	
	)	
	)	

COMMENTS

The National Exchange Carrier Association, Inc. (NECA)[1] submits its comments in response to the Commission's October 7, 1997 Notice of Proposed Rulemaking in the above-captioned proceeding.[2]

I. Introduction

The NPRM proposes new Part 32 accounts and record keeping requirements for revenues and expenses associated with interconnection arrangements.[3] Specifically, the Commission proposes to create a new Account 5071, Interconnection and access to unbundled network

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[1] Under the Commission's rules, NECA is the responsible entity for the preparation of access charge tariffs on behalf of telephone companies that do not file separate tariffs; and for the collection and distribution of access charge revenues. The Commission's actions in this docket will directly impact the preparation of the access charge tariffs, and the members of the NECA pools. *See* 47 C.F.R. §§ 69.603 and 64.604.

[2] Amendments to Uniform System of Accounts for Interconnection, CC Docket No. 97-212, *Notice of Proposed Rulemaking*, FCC 97-355 (rel. Oct. 7, 1997)(NPRM).

[3] Id. at ¶ 6.

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elements, to record all revenues received by an incumbent local exchange carrier (ILEC) for interconnection arrangements entered into pursuant to sections 251(c)(2) and 251(c)(3) of the Act; and new Account 6551, Interconnection and access to unbundled network elements, to record the costs of purchasing interconnection and access to unbundled network elements from other telecommunications carriers pursuant to section 251.[4]

To account for transport and termination arrangements, the Commission proposes creation of new Account 5072, Transport and termination revenue, to record revenues; and new Account 6552, Transport and Termination expense, to record expenses. The Commission also proposes to create new Account 6553, Purchased telecommunications service expense, to record amounts paid by ILECs to purchase telecommunications services for resale.[5] Purchasing telecommunications services is a new activity for carriers subject to Commission accounting rules.[6]

II. Discussion

NECA supports creation of the new accounts proposed in the NPRM for recording revenues and expenses associated with interconnection arrangements and transport and termination services. The proposed new accounts appear to be reasonably well-defined and should provide useful means for reporting interconnection revenues and expenses.

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4 *Id.* at ¶ 8.

5 *Id.* at ¶¶ 10-12.

6. *Id.* at ¶ 13.

The NPRM does not propose new accounts for the *costs* of providing interconnection and access to unbundled network elements, because these costs appear to be adequately covered by existing Part 32 accounts.[7] The NPRM suggests, however, that subsidiary accounting records should be kept for these costs, with the amount to be determined based on interconnection revenues. The NPRM further suggests that the apportionment of interconnection costs in these subsidiary records "be consistent with cost studies underlying the charges for these services and elements."[8]

NECA agrees that there is no need to create new accounts for recording costs associated with interconnection. With respect to subsidiary records for interconnection costs, the proposed revenue-based method appears to provide a reasonable means of identifying amounts.

The Commission should recognize, however, that while proportionate amounts recorded in these subsidiary records can be consistent with cost studies used to determine prices for these services and elements, significant differences may exist between the amounts of booked interconnection costs and revenues based on TELRIC pricing studies. These differences are likely to occur so long as different methodologies are used for determining fully-distributed booked costs and prices based on long-run incremental studies.

Finally, NECA agrees the NPRM's tentative conclusion[9] that there is no need to establish distinct accounts for other activities, such as infrastructure sharing, number portability, and dialing

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7 *Id.* at ¶ 14.

8 *Id.*

9 *Id.* at ¶¶ 16-17.

parity. Unlike the interconnection revenues and expenses discussed above, costs and revenues associated with these facilities and services are reasonably covered by current accounting rules.

III. Conclusion

NECA supports the proposals outlined in the NRPM to create new accounts for recording revenues associated with providing section 251 interconnection services, and expenses associated with obtaining such services from other carriers. NECA further agrees that no new accounts are needed for recording costs of providing interconnection services, and that interconnection revenues provide a reasonable way to identify costs for purposes of maintaining subsidiary records.

Respectfully submitted,

NATIONAL EXCHANGE CARRIER ASSOCIATION, INC.

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the Comments was served this 10th day of December 1997, by hand delivery or first class mail, to the persons listed below.

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